Collins, John Hoar

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London

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A PLEA

FOR

THE BIMETALLIC AMALGAMATION

OF THE

CURRENCIES OF GREAT BRITAIN AND HINDUSTAN.

INCLUDING, INTER ALIA,

TABLES OF PROPOSED NEW IMPERIAL COINAGE,

A PLAN FOR THE ISSUE OF FULL WEIGHT SILVER,

ON A BASIS OF ACTUAL VALUE,

WITHOUT EXPENSE TO THE IMPERIAL EXCHEQUER,

AND

A SCHEME FOR THE EQUITABLE ADJUSTMENT OF THE STERLING INDEBTEDNESS OF INDIA IN ACCORDANCE WITH THE PROPOSED FIXED RATIO WITHOUT LOSS TO THE BRITISH INVESTOR.

BY

JOHN HOAR COLLINS.

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Price Threepence.

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A Plea *for the* Bimetallic Amalgamation *of the* Currencies *of* Great Britain *and* Hindustan. *By* John Hoar Collins.

The pretty general belief that gold is a substance not only of immutable quality, but also of unchangeable value, and as such the only natural or perfect measure of value, is one of the most extraordinary fallacies of modern times, inasmuch as there is no substance in nature of fixed or immutable value, in the sense that a determinate quantity thereof shall command universal recognition as the equivalent value of certain fixed quantities of other substances. You may have measures of length, capacity, area, volume, weight, and force, but you can have no permanent measure of value. One cubic inch of pure gold is of precisely the same value as another cubic inch of the same elemental substance; one cubic inch of silver is worth neither more nor less than a similar mass of metal of the same specific gravity. Under a monometallic silver *régime*, with a free and unlimited coinage, one ounce of that metal, whether coined or uncoined, will always be of the same monetary value. Therefore were silver, at the present moment, the sole legal standard of monetary value in Great Britain, it would be just as rational for us to speak of it as a substance of immutable value, and as such the only natural or perfect measure of value, as it now is for us thus to designate the weightier and more precious metal; for with silver monometallism, and a free and unlimited coinage, gold would be a mere commodity, subject in its price to the *visible* operation of economic law, while under a limited bimetallic *régime*, with a fixed ratio, both gold and silver would alike be subject to frequent fluctuations of market value.

And here it should be explained that by the term limited bimetallic *régime* is meant a system by which the government of a country shall have the monopoly of the coinage, manufacture, or production of the metallic currency of that country, in accordance with certain strictly defined rules or principles. It cannot be said that the British Government has a monopoly of the coinage of gold; it acts simply as the unpaid servant of anyone who being possessed of ingots of gold of the value of 20,000*l.*, wishes to have them transformed into an equivalent mass of coin. If the Mint charged a seigniorage, or refused to buy gold save at its own price, or arbitrarily limited the issue of gold coin, then it might be said to have a monopoly, but not otherwise, save in the sense that it is practically compelled to do for nothing that which people were formerly obliged to pay for themselves. In other words, as far as gold is concerned, it puts a species of Hall Mark upon pieces of that metal of a certain size, as a guarantee of weight and fineness. Nor can it be said to do this for the benefit of the community at large; because any influx of gold must diminish the purchasing power of those coins already in circulation, at least any influx of gold into this country more than sufficient to make up for the

wear and tear of the coinage, and to supply the void caused by the practice of melting down sovereigns for use in the arts. It may then, in justice, be said that free coinage, whether of gold or of silver, is for the special benefit of the owners of or dealers in those commodities, as opposed to the general interests of the owners of other kinds of property or commodities, inasmuch as the greater the mass of the circulating medium, the less the purchasing power of its individual component parts; and here, bearing in mind the old adage that "the worth of a thing is what it will bring," it may be very properly insisted that the true value of coin is its purchasing power, an oft repeated truism, but one which, alas, is too frequently forgotten. Thus if by Act of Parliament, which heaven forefend, the Indian rupee were declared to be of the value of 2*s.*, and made legal tender in Great Britain concurrently with English gold to any extent, Indian civil servants generally, and holders of rupee paper particularly, would not in the long run benefit thereby; for whereas you may now buy $18\frac{1}{2}$ rupees worth of Indian wheat for 1*l.* sterling, you would then only be able to purchase 10 rupees worth of that cereal for the same sum of money.

But although free coinage may be inimical to the interests of the owners of property, can it be said to militate against those of the working classes? The answer to this is, that it more concerns them than any other section of the community; for is it not plainly apparent that the higher the purchasing power of the wage-earner's money, the greater must be his comfort? In such circumstances then it becomes the bounden duty of the industrial classes to agitate for a limitation of the coinage of gold, or rather for a restoration to the mint of its ancient privilege of charging a seigniorage upon all precious metals brought to it for conversion into coin.

But, better still, if the working classes only understood their real interests, they would go further, and insist upon an amalgamation or union of the currencies of the Empire upon a bimetallic basis; in a word, they would not rest content until they had obtained the establishment of a Limited Bimetallic *régime* under which the English sovereign and the Indian rupee should, at the option of the debtor, be legal tender to any extent in every part of that mighty Empire which acknowledges the beneficent sway of our Sovereign Lady the Empress-Queen.

A first and very important step has already been taken in the direction of amalgamation by the suspension of coinage in India it therefore only remains for the British Government, acting of course in accordance with a popular mandate, to abolish the free coinage of gold in England and Australia, and to fix a ratio which shall be applicable to India as well as to the other portions of the Empire.

Bimetallists are taunted with their want of agreement as to ratio, and it is all but certain that while they allow their thoughts to be led astray by the *ignis fatuus* of an international ratio, there never will be a common agreement. International bimetallism has been tried and found wanting; witness the Latin Union. And now an attempt is being made to found a fresh union on a wider

basis, presumably including Russia and the United States, both of which countries could buy us out of house and home if we were foolish enough to allow their silver coinage to be a legal tender in the British Empire. Of course it might be arranged that at the expiration of every seven or ten years each member of the union should redeem in gold the whole of its silver circulating abroad, and that a fresh international ratio should be fixed in accordance with the actual market price of silver. But what then? the American silver miners, possessing as it were the purse of Fortunatus, would have bought up everything English worth having; and as for the American Government, it is more than likely it would avail itself of its natural right to go to war rather than discharge its obligation of redeeming in gold at the ratio price all the American silver coin circulating in England. For all that, the principle underlying bimetallism is economically sound as applied to the currencies of separate Imperial communities. Each Imperial community must be as free to adopt a single or double standard of monetary value with or without limitations, as it is to make or amend its own municipal law. If this be admitted, it follows as a necessary consequence that international bimetallism with a fixed ratio will be impossible until all the nations of the world are gathered together under the Imperial rule of one great central authority.

But although international bimetallism is impossible, British Imperial bimetallic amalgamation is not only possible, but both desirable and practicable. Nay, more, it is absolutely necessary unless we wish to see our immense Indian trade pass into the hands of our foreign competitors, to the ruin and destruction of the staple industries of Lancashire and other portions of the British Isles.

The most manifest advantage resulting from the monetary union of Great Britain and Hindustan, of which union our self-governing Colonies should have the option of becoming members, would be the practical abolition of exchange fluctuations. Remittance charges, such as those for the packing, conveyance, and insurance of specie, together with interest thereon while *in transitu*, would remain, and would probably be represented by bankers' commissions commensurate with the distances the metallic consignments would be supposed to traverse before they reached their destination; but to all intents and purposes exchange fluctuations of rupee value as between England and India would cease to exist, leaving foreign nations still exposed to the fatal effects of those unexpected alternations of monetary value from which our Eastern trade is at present so severely suffering. Nor should we overlook the fact that, with the protection of a fixed bimetallic ratio, English banking enterprise would find in India a safe and profitable field for the extension of its operations.

The ratio which would seem destined most to commend itself to public approval, both on the score of practicability and as representing the fair relative values of coined gold and silver, is that of $23\frac{29}{80}$ to 1, or, otherwise stated, 23 oz. 7 dwt. 6 grs. of coined rupee silver to 1 oz. of coined sterling gold. Now a troy pound of

sterling gold, consisting of 11 oz. fine to 1 oz. alloy, is coinable by law into $44\frac{1}{2}$ guineas, which gives sterling gold coin a legal value of $3l.\ 17s.\ 10\frac{1}{2}d.$ an ounce. Taking this then as the permanent official value of sterling gold coined bullion, the proposed ratio of $23\frac{29}{80}$ to 1 would mean that an ounce of silver, also consisting of 11 parts fine to 1 of alloy, would be coinable by Government into $3s.\ 4d.$, and that consequently 6 oz. of rupee silver would be coinable into $20s.$, from which it follows that the 180-grain rupee would, if made a legal tender in England, pass current in that country for $15d.$, or a quarter-crown.

The integrity of the British gold and of the Indian silver currencies would, without the shadow of a doubt, be rigorously maintained by any Act of Parliament dealing with the question. Thus the pound sterling would continue to weigh $123\frac{171}{623}$ grains, and the rupee would still be a tola's weight of silver. Nor would it be necessary to change the methods of computation. The Englishman would still calculate in pounds, shillings, and pence; the Hindu in rupees, annas, pice, and pies, by which means the unbroken continuity of public and private accounts would be preserved, and Her Majesty's subjects undergo no derangement of their daily habits of thought.

It would however be necessary to make a few alterations. Enough silver of the same degree of fineness as that of the Indian rupee, viz., 11 parts fine to 1 of alloy, should be put in the English currency coins to bring them to a parity with standard gold at the ratio of $23\frac{29}{80}$ to 1. The Indian mohur should be increased in weight from 180 grains to $246\frac{342}{623}$ grains of English standard fineness; that is to say, the mohur should become of equivalent weight and intrinsic value with the two-pound piece, the old mohur or tola of gold being demonetised, and treated simply as so much weight of precious metal. As is well known, the mohur, although nominally a coin, fulfils no currency function, owing to the poverty of the Hindus and the wide difference between the actual and nominal gold value of the rupee. But this would probably soon be changed under a bimetallic *régime* with a fixed ratio and a limited issue of coin, especially if gold pieces of comparatively small value were struck to meet the requirements of Indian retail trade. To this effect it would be advisable to revive the star pagoda as a six-rupee piece, and to issue a new gold coin of the value of 4 rupees, which might appropriately be called the crown. In England the latter coin would take the place of the ponderous five-shilling piece, and would probably bear the name of the quarter sovereign or gold crown, whereas the star pagoda would naturally be called a seven-and-sixpenny piece. But there is yet another change which, however it might shock our established notions, would be indispensable to the complete unification of the imperial currencies, viz., the introduction of a coin of account common to both systems, otherwise it would be impossible to express equivalent sums of English and Indian money without the use of bewildering fractions. This coin of account, at the ratio $23\frac{29}{80}$ to 1, should be the $\frac{1}{80}$th of an anna, or the $\frac{1}{64}$th of a penny, so that, $15d.$ being 1 rupee, the Indian equivalent of one shilling would be 12 annas 9 pies and 3 coins of account; while, for instance, the English equivalent of 5 annas would be $4d.$ an 44 coins of account, or $4\frac{1}{2}d.$ and 12 coins of account, and so on with the smallest sums either of English or Indian money, $\frac{1}{4}d.$ being the equivalent of 16 English or Indian coins of account, and 1 pie that of 5 of the same imaginary coins, or, if fractions be preferred, $\frac{5}{16}$ths of a farthing.

The tables at the end of this pamphlet, applicable to a fifteen-penny rupee, and based on the proposed ratio of $23\frac{29}{80}$ oz. rupee silver to 1 of sterling gold, will serve both as a list of proposed imperial coins and as a demonstration of the facility with which monetary transactions might be carried on between British India and the rest of the Empire.

It has been already stated that the ratio which would seem likely most to commend itself to public approval would be that of $23\frac{29}{80}$ of silver to 1 of gold, and yet the Government of India, by considerately expressing their willingness to accept payments of one pound sterling in lieu of 15 rupees, have allowed it to be seen that they would favour a ratio of $21\frac{231}{256}$ to 1; but when we find the Indian Council alloting drafts on Calcutta, Bombay, and Madras no later than August 27th of this year of grace 1895 at prices in no case exceeding $1s.\ 1\frac{11}{32}d.$ the rupee, it will be seen that $16d.$ is a price too divergent from the average market value of a tola of silver to be forced upon the Indian people.

Besides which, not only is $15d.$ a more equitable price, it is more convenient and suitable. English coins, from a half-crown upwards, are divisible into equal sums of $1s.\ 3d.$, whereas $1s.\ 4d.$ is only divisible without a remainder into the $4s.$ piece and the pound sterling. Be that as it may, the tables on pages 18 and 19 clearly show that the circulation of the rupee in England could possibly meet with no opposition on the score of its unadaptability. In India the natives might experience some difficulty in understanding the value of the smaller English coins, assuming that they ever found their way out there, but that difficulty could be easily overcome by compelling local post offices to change British coinage into equivalent Indian money.

But it may with safety be presumed that the Indian people, unaccustomed as they are from their poverty to the use of gold as a circulating medium, would take some time to realize the fact that their monetary system had been completely settled on a new basis, wanting as they would any visible proof of the change. If the mohur or tola of gold were regarded as a coin exchangeable into a never varying number of rupees, and as such in active circulation, it would be otherwise; but it is problematical whether the majority of Hindus have ever seen the coin itself, or at least if they have, whether they have ever regarded it as more than a specific weight or quantity of precious metal to be used in the manufacture of native jewellery, or hoarded up in view of a rise in the price of gold. It is therefore all but certain that the introduction of bimetallism into India would be received with positive indifference by the mass of the people, who, having shown no hostility to the suspension of coinage or closing of the mints,

would be little likely to resent a change of so much less importance as the introduction of small quantities of English silver coins of equivalent weight and fineness to their own. The gentry and *literati* might at first object to a system which would for ever prevent the possibility of a return of the old 2*s*. value of the rupee; but the almost instantaneous benefits which they would derive from bimetallic union with the other parts of the Empire would quickly reconcile them to the change.

But the English people, it will be urged, would not take kindly to a silver currency, accustomed as they are to regard coins of silver as mere tokens of gold value. If however by the word people is meant the toiling masses, it is incorrect to say that they look upon silver as a token of gold value. From time immemorial it has been the monetary medium of the working man, and there would be but small chance of his objecting to a bimetallic scheme which should legally compel him to accept nearly double the weight of silver in exchange for his labour than he now receives. If to the rich the silver coin is a token simply of fractional gold value, to the poor the gold piece is but a metallic voucher entitling him to a certain number of silver coins. In Britain we already have a bimetallic system which for internal purposes works fairly well. If any one doubts that assertion, let him scan the prices current of articles of consumption, or better still, study the shop windows of the Metropolis, and he will then see that everything necessary for the subsistence of the commonalty is quoted in shillings or pence. This is not "in accordance with the eternal fitness of things," it indicates merely a habit of thought, originally formed when silver was "the predominant partner" in the English currency system. As far as the people are concerned there has been no break in the continuity of the silver stream. As of old, it is for them the wage of labour, and as such the motive power of commerce whose weightier wheels it moves with the accumulated force of ages; its recognition therefore as the equal of its more resplendent rival would engender no feelings of mistrust in the minds of those who have never ceased to regard it as the true standard of monetary value.

Of bimetallism with a fixed ratio and a strictly limited issue it may be said, that although it would be of great and enduring benefit to the country generally, it would offer to the industrial classes the best and surest protection against unfair bounty-fed competition on the part of foreign nations, inasmuch as the essential condition of trade with England would be reciprocity in the sense of taking our manufactured goods in exchange for theirs, if not directly, at least indirectly. Now let us instance the sugar trade of Germany. At present Germany is an excellent customer. If we take her bounty-fed sugar, upon which she makes a national loss, she takes our coal, machinery, cotton and woollen yarn, and manufactures, &c., upon which we make a great national gain. Now the Germans, if we may judge from the resolutions of the Imperial Diet and those of the Upper and Lower Chambers of the Prussian Diet, have arrived at the conclusion that gold monometallism is a failure, and appear to be in favour of international

bimetallism, provided that England will agree to become a member of the proposed bimetallic union. What is the motive of Germany? Obviously that she may be able to invade the markets of Europe unimpeded by the barrier caused by the existing difference in the exchange values of the currencies of the various countries constituting that union. For with international bimetallism there would be no rates of exchange except those permanent ones fixed by the mutual agreement of the several powers. Thus if the German Government chose to introduce the bounty system into every department of its export trade, it might, under an international bimetallic system, completely ruin nearly every English industry, as it has our sugar manufactures. For whatever contracts were entered into between German manufacturers and English merchants or factors, there being no legal necessity to pay for German goods in German coin, or, as is now the case, in English gold, they could be as easily fulfilled on the part of the English as kindred promises to pay made to their own fellow countrymen. Thus if the Englishman agreed to buy 100,000*l*. worth of printed goods of a German firm, to be settled for in a month's time, all he would have to do would be to send English silver to Berlin, and the German would only be too glad to accept it, because it would be legal tender in his own country; even now he will gladly accept payment in English gold; but under a purely Hindo-Britannic bimetallic system, if the German Government were to subsidise every one of their industries it would do British trade no injury; for the premium on German money or bills becoming intolerably high, would act as a protective duty against the introduction of bounty-fed manufactures. Thus suppose the Germans put a heavy duty on *all* goods of British manufacture, and heavily subsidised all German goods intended for export to the various parts of the British Empire, it goes without saying that we should cease to supply Germany with anything worth mentioning, and that consequently but few bills of exchange would be held by British merchants, manufacturers, or bankers payable in German towns; and for the same reason there would be next to no German coin in the hands of English money-changers, because German ports being as it were hermetically sealed against our raw material or manufactured articles, Germany would have ceased to make us specie payments.

In such circumstances let us imagine that an English trader gives a German firm an immense order for cheap sugar. The price is arranged, and when the day of reckoning draws near the English trader endeavours to obtain a draft on Berlin. But no English banker has money to his credit in that town, that is to say, money lodged with his Berlin agents for transmission to England, either by way of cash payment, or in payment of bills accepted by Prussian merchants in favour of English manufacturers; for, as we already know, Germany has ceased to buy goods of England, although she selfishly hopes to supply that country with her own bounty-fed commodities. Unable to procure a banker's draft, the trader runs from money changer to money changer in the vain hope of raking together sufficient German notes and gold to meet his liability. At last he bethinks him of the Royal Exchange,

where surely he will be able to purchase bills payable in the Prussian capital. But here a fresh disappointment awaits him: no German paper is to be had; and it is only after repeated efforts that he succeeds in buying a sufficient number of promises to pay to liquidate his debt to the grasping foreigner, while so high has been the premium exacted by the bill broker, that he finds he has lost heavily by the transaction.

Now it is absolutely certain that the English trader, unless completely ruined, will in future support the sugar refiners of Bristol, Liverpool, and London, so that in the long run England would benefit from a system of bounty-fed competition designed to deprive her of her commercial supremacy.

One matter which would require adjustment before a bimetallic union of the Empire could be finally accomplished, would be the rehabilitation of the British silver coinage, of which roughly speaking it may be said there is about 20,000,000*l.* worth in circulation, the issue weight of which was 72,720,000 oz. Twenty million pounds worth of new silver coins at the proposed official price of 40*d.* per ounce would weigh 120,000,000 oz., so, assuming that owing to wear and tear the old silver only weighed 72,000,000 oz. (which by the by is a very extravagant assumption), it will be seen that the Government would have to provide for a loss of 48,000,000 oz., which at 40*d.* an ounce would cost the country 8,000,000*l.* If this were all, the consolidated fund might well be charged with that sum, and a beneficial reform effected at not too great a cost to the nation. Unfortunately however, as soon as it was known that the British Government required 48,000,000 oz. of silver, the market price of that metal would rise to absurd and ridiculous heights, so that when the actual coin was issued it would be snapped up by greedy speculators and resold to the mint at considerably over 40*d.* an ounce; thus the scheme of bimetallism would be wrecked at the outset by the craft and cupidity of rapacious bullionists.

But there is a way out of the difficulty: Let the Government issue 12,000,000*l.* in new full weight silver, and 8,000,000*l.* in small notes ranging from 2*s.* 6*d.* to 2*l.* each, extinguishable by mintage profits. These notes would be a real god-send to those who wished to make small remittances, or who objected to carry about with them a heavy weight of metal. In the United States such notes are preferred to silver, why then should it be otherwise here? An extension of certain of the smaller branches of trade would inevitably result from their introduction, assuming they were made payable not only at their place of issue, but also at the various Indian and Colonial Treasuries, to be remitted back in payment of home charges. Bombay merchants, free from the risks of a fluctuating exchange, would not fail to advertise in the English newspapers such articles as dress lengths of tussore silk and other native fabrics, boxes of cigars; cases of arrack and hampers of table delicacies; while the London shop keeper would be wanting in his usual spirit of enterprise if he did not push his thousand and one indispensable "lines" among the European inhabitants of India, by means of price lists and puffing circulars.

But the facilitation of banking business would be the chief advantage derived from the use of the proposed new paper money. Bankers, as is well known, are practically compelled to credit their customers with the full amount of any silver lodgment they may choose to make, although they, like the rest of the world, may refuse to receive more than 40*s.* worth at a time. It therefore frequently happens that the members of the banking community have millions of pounds in unutilizable silver specie stored away in their vaults. Under a bimetallic system all this would be changed. In the first place no one would have a legal right to decline payment in silver to any extent, that goes without saying; however, if silver were forced on people for all sums say under 5*l.*, it is equally sure that public opinion would compel a revision of the law permitting such an outrageous proceeding. The small notes then would just meet the difficulty. And of these small notes there need never be an inadequate supply. For the Treasury should be empowered to issue to bankers and other persons supplies of small notes of the value of half-a-crown or double rupee and upwards, but not exceeding 2*l.*, in exchange for gold and silver specie: such issues to be strictly limited to the exact amount of money deposited by the banker or other person. Paradoxical then as it may seem, financialists generally, with infinitely less metallic resources than at present, would be able to lend out a much greater amount of money than they now do, for the simple reason that every ounce of silver in their tills and strong rooms would form part of their liquid assets.

In considering the subject of imperial bimetallic amalgamation, it must not be lost sight of that the Indian sterling loans have been brought out at different times and in different conditions of the money market, so that an apparent act of injustice would be committed were India compelled to repay her sterling debt at a rate of exchange lower than that which obtained when she borrowed the money. Let us suppose, for example, that a certain 10,000,000*l.* was borrowed when the rupee stood at 2*s.* Well, if the amortization of that part of the debt were effected at the fixed ratio of $23\frac{28}{80}$ to 1, or, in other words, when the rupee was officially valued at 15*d.*, it will at once be seen that India would be called upon to find 160,000,000 rupees in order to discharge an obligation of 100,000,000 rupees only. If things be allowed to take their course it is more than probable that the rupee may sink to 1*s.*, and that India would have to find 200,000,000 rupees in order to liquidate the aforementioned liability of 100,000,000 rupees. But this is not the question: what we have to do is to place it out of the power of political agitators to inflame the minds of our Indian fellow subjects by telling them that the Feringee had by a stroke of the pen nearly doubled the most considerable portion of their financial burdens, which damaging and dangerous statement would be surely made, to our detriment, were the sterling loans of India reckoned in sixteens instead of tens of rupees as they now are. A ready means of precluding the possibility of our being taxed with such a flagrant act of injustice, would be by converting the whole of the sterling public indebtedness of India into 5 per cent. per-

petual debentures; or, rather, by allotting to the holders of $3\frac{1}{2}$ or 3 per cent. India stock a sufficient amount in 5 per cent. irredeemable debentures to yield them their customary semestrial dividends. Thus one 100*l.* and two 20*l.* 5 per cent. debenture bonds would be justly deemed the equivalent of 200*l.* old $3\frac{1}{2}$ per cent. India stock, and one 100*l.* and one 20*l.* 5 per cent. bond would be considered to be the exact equivalent of 200*l.* 3 per cent. stock, inasmuch as, in each instance, the investor in the two forementioned India stocks would receive exactly the same amounts of interest, viz., 7*l.* and 6*l.* According to Wettenall's List the sterling debt of India, excluding 2,000,000*l.* $3\frac{1}{4}$ per cent. debentures due in August, 1896, is as follows: 63,950,268*l.* $3\frac{1}{2}$ per cent. stock, repayable in 1931, and 42,151,079*l.* 3 per cent. stock, repayable in 1948. Now if these amounts were dealt with as suggested, the first would be reduced to 44,765,187*l.* 12*s.*, the second to 25,290,647*l.* 8*s.*, making a grand total of 70,055,835*l.* 5 per cent. perpetual debentures, as against old stock of the nominal value of 106,101,347*l.* India's sterling indebtedness would therefore be apparently reduced by no less a sum than 30,045,512*l.*, although her annual charges in respect of interest would remain unaltered. It is true the old sterling debt of 106,101,347*l.* expressed in rupees at ten to the £ would amount to 1,061,013,470, as against 1,120,893,360, the new sterling 5 per cent. debt of 70,055,835*l.* expressed in rupees at sixteen to the £. But even if this nominal increase of 59,879,890 rupees were to involve an actual cash payment equivalent, at the exchange value of 1*s.* 3*d.*, to 3,742,493*l.* 2*s.* 6*d.*, such a financial sacrifice would be small indeed as compared with the immense advantages derivable from the foregoing scheme of conversion. For, as has already been stated, it is more than possible that the rupee will sink to 1*s.* unless a legislative effort be made to arrest its downward course, in which case the existing sterling loans, aggregating 106,101,347*l.*, would have to be redeemed by a payment of 2,122,026,940 rupees, or exactly double the amount at which they stand in the columns of the Indian loan ledger. It may be argued, however, that there is a remote possibility of a return of the rupee to its 2*s.* value, and that such being the case it is obviously unfair to the Indian taxpayer to fix the perpetual price of the pound sterling at 16 rupees, when a rise in the market value of silver might enable him to discharge his interest obligations to the British investor by a rupee expenditure of not much more than half that which he now makes: to which it may be replied, that there is as much chance of the rupee again touching 26*d.* as in 1860-61, or even its assumed price of 24*d.*, as there is of water running up a hill. Everyone knows that by artificial means water may be forced up an inclined plain; so might the rupee, by questionable market combinations, be temporarily restored to its original par value. Yet such an event, save as a feat of agiotage, is absolutely impossible—as impossible indeed as, in the interests of the toiling masses of Great Britain and Hindustan, it is undesirable.

On the other hand it will no doubt be alleged that to compel the British fundholder to accept payment of his interest in bimetallic currency would be partial repudiation, because the public indebtedness of England is a gold indebtedness, and that of consequence the interest thereon should be payable in that metal. The answer to this is, that the public debt of this country was not for the most part contracted under a gold monometallic *régime:* in 1815 silver and gold were concurrently legal tenders; our debt then amounted to more than 885,000,000*l.*; it is now less than 700,000,000*l.* Without going into details, it is evident that, when the national debt was quietly shifted from a bimetallic to a monometallic basis, the country unwittingly assumed a heavier load than it had undertaken to bear. It is true that the Government has reduced its rate of interest from time to time, but it would equally have done so had the public debt continued to repose on a bimetallic basis; it is also true that certain persons or groups of individuals may suffer more or less from any interference with existing currency arrangements. Cases of hardship are, alas, inseparable from all change or reform, whether of an evolutionary or a revolutionary nature. Surely Parliament is omnipotent within the boundaries of the British Empire, and should not be deterred from doing for the benefit of the State that which syndicated speculators may with impunity practice in furtherance of their own selfish ends. If the speculator may temporarily fix a ratio to the detriment of the community at large, may not Parliament, on behalf of the people, fix a permanent ratio so as to protect the aggregate wealth of the Empire from legalised fraud?

Be that as it may, an even balance of currency value is universally recognized as indispensable to the domestic felicity of a nation. That alone can be secured to the self-governing members of the British Empire by a limited bimetallic system under the control and supervision of a Currency Council, whose function shall be to see that the general mass of circulating coin shall bear a true and just proportion to the general mass of the real wealth of the community. The machinery of our law is designed for the purpose of enforcing the express or tacit agreements entered into by every member of the British body politic. But in matters commercial what equitable agreement can be entered into between the Englishman and the Hindu, taking into consideration the well-established rule that both parties to a trade transaction should benefit therefrom? In trade with the Indies a rise or fall in the price of the rupee may defeat the calculations of the shrewdest merchant or manufacturer. It is not trade, it is speculation. But bimetallic union would remedy this. It would do more; for the currency question is in the truest sense of the word a political one. India, instinct with municipal life, is fast ceasing to be a mere dependency, and the day is approaching when she will ask for recognition as an integral, and at the same time self-governing portion of the Empire. A prey as she now is to the manifold ills of a defective monetary system, she must end, like ourselves, by becoming the common receptacle of bounty-fed goods and subversive doctrines. Bimetallic union, by placing the currencies of Great Britain and Hindustan on the same level, would give fair play to the natural ebb and flow of our surplus capital, thence-

forward sure to circulate in Imperial channels, instead of being lost in the gulf of foreign insolvency; thus as years rolled on India would become inseparably united to us by the ties of mutual interest and affection, and, imbued with the grandeur of the Imperial idea, would never learn to cherish the delusive hope of guiding her own destinies among the rival peoples of the outside world.

The question of the ratio has already been discussed at some length, but it may here be said that whatever may be that ratio, it should rest on a basis of actual value. Now actual value and intrinsic value are not convertible terms. The actual value of a thing depends greatly on its utility. The actual value of coinage depends on the uses to which it is put or for which it is intended, as well as upon its bullion value. But its bullion value must approximate to the market value of the bullion of which it is composed, otherwise serious injury will be done to commerce by unauthorized private coining. If the difference between the legal and the intrinsic value of the coinage be not wide, there can be no appreciable influx of contraband coin, as the cost of its manufacture would not permit of the utterer thereof being able to distribute it with advantage to himself.

Under the proposed bimetallic system it is obvious that although the silver currency value of the silver rupee could never be more than 40*d.* an ounce, and the gold currency value of an ounce of gold never more than 3*l.* 17*s.* 10½*d.*, yet the bimetallic price of either might be considerably higher. This, if ever it did happen, would lead to a disappearance from circulation of the more appreciated metal. Thus if the value of an ounce of silver were 48*d.*, workers in that metal would melt down rupees instead of buying ingots, and in like manner were gold to become worth more than 3*l.* 17*s.* 10½*d.* an ounce, British sovereigns would be similarly treated. It is however to be presumed that, under a well regulated bimetallic system, involving the use of Government notes strictly limited to the amount of specie deposited at the Treasury by bankers and others, the Imperial Currency Council would be able to counteract the effects of such rises in price, aided as they undoubtedly would be by certain penal laws. We may however assume that the market value of both gold and silver bullion would almost invariably be less than their official maximum price, as the accumulated stores of such imperishable natural substances would of necessity be far in advance of both currency and trade requirements, unless silver and gold mining ceased to be profitable industries.

It must not be thought that the views herein enunciated are incompatible with a belief in the doctrines of free trade. Free trade is necessary to the commercial prosperity of both Great Britain and Hindustan. No enlightened nation can possibly object to foreign competition merely on the grounds that were the goods of the stranger not bought, sold, used, and consumed in its midst, there would be more employment for certain of its industrial sections; but every nation can and ought to insist that such goods shall in effect be exchanged for native produce or manufactures,

and that they shall not be simply paid for in the currency of the country, such currency having been primarily intended for the use of its inhabitants. This principle is applicable not to isolated transactions, but to trade generally as between nation and nation. Thus if a government perceives that the country is being denuded of its circulating medium by a neighbouring community, it has a natural right to adopt all needful measures to arrest the drainage of money, the loss of which may be likened to the loss of blood through an open wound. England lives by reciprocity; her greatest wealth is her labour, the results of which she exchanges with the other peoples of the world for their surplus natural products or manufactured goods. Her very existence is dependent on reciprocal trade relations, the continuance of which should be ensured not by the crude expedient of heavy protective or differential duties, but by the re-settlement of her monetary system on a bimetallic basis.

It has been already shown that under a bimetallic *régime* bounty-fed goods supported by hostile tariffs could have no power to ruin the export trade or domestic commerce of Britain, because, for instance, when the British merchant came to settle for his bounty-fed sugar, he would have to pay such a heavy premium on German bills or specie, that he would find it cheaper in future to deal of Bristol and Liverpool refiners. We may assume then that the same protective principle would operate in India in favour of native industry supported by British capital against the unfair commercial assaults of Germany and Japan.

India is England's proper base of operations in the forthcoming international struggle for the trade of China. But without bimetallic union no capitalist with foresight or common sense would risk a farthing of his money in an Indian industrial undertaking. With that safeguard, however, the magical influences of English capital and labour would make themselves apparent through the whole length and breadth of the great peninsula. The rushing waters of the cloud-capped Himalayas utilized as an inexhaustible source of light, heat, and motive power! Almost forgotten cities intersected with tramways, brilliant with electric light, and murmuring with the sound of British machinery! Improved means of intercommunication, modern agriculture, and gigantic engineering works would afford ample scope for the employment of our surplus capital, and serve to arouse the contemplative Hindu from his dreamy lethargy by presenting to his vision a wider and more varied field of action. Ceasing to squander the garnered stores of our national wealth in bolstering up decaying monarchies and semi-bankrupt republics, we should at the same time increase the commercial greatness of our country and assist the onward march of Indian civilization, in the sure and certain knowledge that the monetary reform which had conduced to such important results, would at some not far distant time bring to pass a true and enduring union of hearts and minds under the sheltering ægis of the British name.

Table of Proposed British Coinage, with Weights thereof, in Silver and Gold, and corresponding Fixed Values in Indian Money.

English Coins.	Sterling Value. £	s.	d.	Coin of Account	Weight of Rupee Silver in Grains	Troy Weight of Rupee Silver. Oz.	Dwt.	Grains.	Weight of Gold Coins in Sterling Gold.	Proposed Names of Corresponding Indian Coins.	Corresponding Sums in Indian Money. Rupees	Annas.	Pies.	Coins of Account.
					Nominal weight.									
*$\frac{1}{64}d.$, imaginary coin of account	—			1	$\frac{3}{16}$	—	—	$\frac{3}{16}$	—	—	—	—	—	1*
$\frac{1}{4}d.$, copper	–	–	–$\frac{1}{4}$	—	3	—	—	3	—	—	—	—	3	1
$\frac{1}{2}d.$, "	–	–	–$\frac{1}{2}$	—	6	—	—	6	—	—	—	—	6	2
1*d.*, "	–	–	1	—	12	—	—	12	—	—	—	1	—	4
					Weight in grains.									
1*d.*, silver	–	–	1	—	12	—	—	12	—	—	—	1	—	4
*$1\frac{1}{2}d.$ piece, silver	–	–	$1\frac{1}{2}$	—	18	—	—	18	—	—	—	1	7	1
3*d.* " "		–	3	—	36	—	1	12	—	—	—	3	2	2
*4*d.* " "		–	4	—	48	—	2	—	—	—	—	4	3	1
6*d.* " "	–	–	6	—	72	—	3	—	—	—	—	6	4	4
Shilling, "	–	1	–	—	144	—	6	—	—	—	—	12	9	3
*Quarter-crown, silver	–	1	3	—	180	—	7	12	—	—	1	—	—	—
Half-crown, silver	–	2	6	—	360	—	15	—	—	—	2	—	—	—
*Crown, gold	–	5	–	—	720	1	10	—	$30\frac{510}{623}$	Crown*	4	—	—	—
*7*s.* 6*d.* piece, gold	–	7	6	—	1,080	2	5	—	$46\frac{142}{623}$	Pagoda*	6	—	—	—
Half-sovereign, "	–	10	–	—	1,440	3	—	—	$61\frac{397}{623}$	$\frac{1}{4}$ Mohur*	8	—	—	—
Sovereign, "	1	–	–	—	2,880	6	—	—	$123\frac{171}{623}$	$\frac{1}{2}$ Mohur*	16	—	—	—
Imperial pound, gold	2	–	–	—	5,760	12	—	—	$246\frac{342}{623}$	Mohur*	32	—	—	—

* New coins or old coins re-introduced.

Examples :—46*l.* 14*s.* 6*d.* = Rs. 747, annas 9, pies 7, coin of account 1; 3*s.* 4*d.* = Rs. 2, annas 10, pies 8; 6*s.* 8*d.* = Rs. 5, annas 5, pies 4; 13*s.* 4*d* = Rs. 10, annas 10, pies 8; 1*l.* 1*s.* = Rs. 8, annas 12, pies 9, coins of account 3; 100*l.* = Rs. 1,600; 1,000*l.* = Rs. 16,000; 5*l.* = Rs. 80; 5,000*l.* = Rs. 80,000.

Table of Indian Gold and Silver Imperial Coinage under the Proposed British Bimetallic Union, at the Fixed Ratio of $23\frac{29}{80}$ oz. of Rupee Silver to 1 oz. of Sterling Gold, the Rupee of 165 grains of Fine Silver to 15 grains of Alloy being rendered Legal Tender concurrently with Gold to any extent throughout the British Empire.

Indian Coins.	Rupee Value. Rupees.	Annas.	Pies.	Coins of Account.	Weight of Rupee Silver in Grains.	Troy Weight of Rupee Silver. Oz.	Dwt.	Grains.	Troy Weight of Sterling Gold. Dwt.	Grains.	Sterling Value. £	s.	d.	Coins of Account.
COPPER.														
*Coin of account, or $\frac{1}{60}$th anna	—	—	—	1	$\frac{3}{16}$	—	—	$\frac{3}{16}$	—	—		—		1
Pic, $\frac{1}{12}$th anna, or 5 coins of account	—	—	—	5	$\frac{15}{16}$	—	—	$\frac{15}{16}$	—	—		—		5
Pice, $\frac{1}{4}$ anna, or 3 pies	—	—	—	15	$2\frac{13}{16}$	—	—	$2\frac{13}{16}$	—	—		—		15
†Anna, or $\frac{1}{16}$th rupee, or 12 pies	—	—	—	60	$11\frac{4}{16}$	—	—	$11\frac{4}{16}$	—	—		—		60
SILVER.														
†Anna, or $\frac{1}{16}$th rupee	—	—	12	—	$11\frac{1}{4}$	—	—	$11\frac{1}{4}$	—	—		—		60
$\frac{1}{8}$ rupee piece	—	2	—	—	$22\frac{1}{2}$	—	—	$22\frac{1}{2}$	—	—	–	–	1	56
$\frac{1}{4}$ "	—	4	—	—	45	—	1	21	—	—	–	–	$3\frac{3}{4}$	—
$\frac{1}{2}$ "	—	8	—	—	90	—	3	18	—	—	–	–	$7\frac{1}{2}$	—
Rupee or quarter-crown	—	16	—	—	180	—	7	12	—	—	–	1	3	—
Double rupee or half-crown	2	—	—	—	360	—	15	—	—	—	–	2	6	—
GOLD.														
*Crown, or 4-rupee piece	4	—	—	—	720	1	10	—	1	$6\frac{510}{623}$	–	5	–	—
*Pagoda, or 6 "	6	—	—	—	1,080	2	5	—	1	$22\frac{142}{623}$	–	7	6	—
*Quarter mohur, or double crown	8	—	—	—	1,440	3	—	—	2	$13\frac{397}{623}$	–	10	–	—
*Half mohur	16	—	—	—	2,880	6	—	—	5	$3\frac{171}{623}$	1	–	–	—
*Mohur, or imperial pound	32	—	—	—	5,760	12	—	—	10	$6\frac{342}{623}$	2	–	–	—

* New coins, or new coin with old monetary denomination. † Not hitherto coined.

Examples :—23 rupees, 5 annas, 9 pies, 3 coins of account (the rupee value of 1 tola of gold) = 1*l.* 9*s.* 2*d.* and 28 coins of account; mohurs 1,869 (weighing 2,560 tolas) = Rs. 59,808 = 3,738*l.*; Rs. 80 (weighing $2\frac{1}{2}$ lbs. troy) = 5*l.*; Rs. 800 (weighing 25 lbs. troy) = 50*l.*; Rs. 1,600 (weighing 50 lbs. troy) = 100*l.*; mohurs 3,125 = Rs. 100,000 = 6,250*l.*; mohurs 312,500 = Rs. 10,000,000 = 625,000*l.*

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